Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2016

pwc

June 20, 2016

Independent Auditor's Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the accompanying financial statements of **Maritime Provinces Higher Education Commission**, which comprise the balance sheet as at March 31, 2016 and the statements of committed funds, revenue and expenditures – grants, revenue and expenditures – administration and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Maritime Provinces Higher Education Commission

Balance Sheet

As at March 31, 2016

	2016 $	2015 $
Assets		
Cash	6,455,476	7,962,835
Prepaid expenses	59,220	–
Amounts due from		
Government of Canada	722,000	728,000
New Brunswick	25,928,469	28,394,397
Newfoundland and Labrador	–	216,000
Nova Scotia	555,622	382,340
Prince Edward Island	404,200	4,941
Amount due from the Council of Atlantic Premiers	40,828	53,090
Amount due from the Council of Atlantic Ministers of Education and Training	32,500	–
Other receivables (note 3)	54,515	55,591
	34,252,830	37,797,194
Liabilities		
Accounts payable and accrued liabilities (note 4)	56,889	60,942
Amounts payable to institutions		
Operating grants	18,682,324	21,003,770
Capital grants	126,841	13,298
Other	725,712	728,000
Deferred revenue	183,923	143,059
	19,775,689	21,949,069
Committed Funds		
Operating grants	14,387,632	15,664,405
Capital grants	89,509	183,720
	14,477,141	15,848,125
	34,252,830	37,797,194

Commitments (note 5)

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Committed Funds

For the year ended March 31, 2016

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2016 Total $	2015 Total $
Operating grants						
Balance – Beginning of year	12,220,422	560,621	2,880,821	2,541	15,664,405	25,022,310
Excess of revenue over expenditures (expenditures over revenue) for the year	(1,616,845)	(73,805)	513,877	–	(1,176,773)	(9,311,375)
Transfer from capital	–	–	–	–	–	43,470
Transfer to administration	(90,000)	–	(10,000)	–	(100,000)	(90,000)
Balance – End of year	10,513,577	486,816	3,384,698	2,541	14,387,632	15,664,405
Capital grants						
Balance – Beginning of year	167,370	–	16,350	–	183,720	282,437
Excess of expenditures over revenues for the year	(94,211)	–	–	–	(94,211)	(55,247)
Transfer to operating	–	–	–	–	–	(43,470)
Balance – End of year	73,159	–	16,350	–	89,509	183,720
Committed funds – End of year	10,586,736	486,816	3,401,048	2,541	14,477,141	15,848,125

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Grants

For the year ended March 31, 2016

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
Operating grants	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**
Revenue										
Grants										
Unrestricted	264,559,596	264,623,469	247,281	308,535	55,061,099	49,668,568	–	–	319,867,976	314,600,572
Restricted	9,555,097	9,555,097	–	–	13,764,700	11,533,200	–	–	23,319,797	21,088,297
Other	–	–	–	–	–	–	1,741,712	1,746,774	1,741,712	1,746,774
	274,114,693	274,178,566	247,281	308,535	68,825,799	61,201,768	1,741,712	1,746,774	344,929,485	337,435,643
Expenditures										
Grants										
Unrestricted (Schedule A)	267,583,427	268,667,751	321,086	308,340	55,301,823	54,157,678	–	–	323,206,336	323,133,769
Restricted (Schedule B)	8,148,111	9,036,437	–	–	13,010,099	12,830,038	–	–	21,158,210	21,866,475
Other activities (note 6)	–	–	–	–	–	–	1,741,712	1,746,774	1,741,712	1,746,774
	275,731,538	277,704,188	321,086	308,340	68,311,922	66,987,716	1,741,712	1,746,774	346,106,258	346,747,018
Excess of revenue over expenditures (expenditures over revenue) for the year	(1,616,845)	(3,525,622)	(73,805)	195	513,877	(5,785,948)	–	–	(1,176,773)	(9,311,375)
Capital grants										
Revenue	2,000,000	2,000,000	–	–	–	–	–	–	2,000,000	2,000,000
Expenditures (Schedule C)	2,094,211	2,055,247	–	–	–	–	–	–	2,094,211	2,055,247
Excess of expenditures over revenue for the year	(94,211)	(55,247)	–	–	–	–	–	–	(94,211)	(55,247)

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Revenue and Expenditures – Administration

For the year ended March 31, 2016

	2016 $	2015 $
Revenue		
Contributions		
New Brunswick	580,296	553,901
Nova Scotia	713,455	681,003
Prince Edward Island	107,929	103,020
Transfers from operating reserves		
New Brunswick	90,000	90,000
Prince Edward Island	10,000	–
Project revenue	144,348	189,651
	1,646,028	1,617,575
Expenditures		
Salaries and benefits	1,271,598	1,191,140
Office rent	110,194	105,885
Professional services	54,747	86,583
Other services	29,176	34,907
Travel		
Board members	7,205	18,635
Other travel	14,407	16,540
Per diem allowance	4,575	7,125
Office supplies, books and subscriptions	13,089	8,949
Publications	5,462	8,113
Office furniture and equipment	36,384	29,806
Special projects, committees and other (note 7)	139,381	163,085
	1,686,218	1,670,768
Excess of expenditures over revenue for the year (note 8)	(40,190)	(53,193)

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Statement of Cash Flows

For the year ended March 31, 2016

	2016 $	2015 $
Cash provided by (used in)		
Operating activities		
Excess of expenditures over revenue for the year - Grants	(1,270,984)	(9,366,622)
Transfers to administration	(100,000)	(90,000)
Net change in non-cash working capital balances related to operations		
(Increase) decrease in prepaid expenses	(59,220)	22,361
Decrease (increase) in amounts due from		
Government of Canada	6,000	17,000
New Brunswick	2,465,928	4,324,408
Newfoundland and Labrador	216,000	–
Nova Scotia	(173,282)	93,953
Prince Edward Island	(399,259)	(4,941)
Council of Atlantic Premiers	12,262	(54,363)
Council of Atlantic Ministers of Education and Training	(32,500)	–
Decrease (increase) in other receivables	1,076	(10,538)
Decrease in accounts payable and accrued liabilities	(4,053)	(65,246)
Increase (decrease) in amounts payable to institutions		
Operating grants	(2,321,446)	(86,240)
Capital grants	113,543	(81,045)
Other	(2,288)	(17,000)
Increase in deferred revenue	40,864	19,053
Net change in cash during the year	(1,507,359)	(5,299,220)
Cash - Beginning of year	7,962,835	13,262,055
Cash - End of year	6,455,476	7,962,835

The accompanying notes are an integral part of these financial statements.

Maritime Provinces Higher Education Commission

Notes to Financial Statements

For the year ended March 31, 2016

1 Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Maritime Provinces Higher Education Commission (the "Commission" or "MPHEC"). Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

2 Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board.

Management estimates

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $90,739 (2015 - $81,380).

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $390,279 (2015 - $335,091).

Financial instruments

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

3 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of $26,820 (2015 - $30,471).

4 Accounts payable and accrued liabilities

Included in accounts payable are government remittances payable relating to payroll of $876 (2015 - $427).

5 Commitments

Office facilities

The Commissions has long-term lease arrangements for office facilities and office equipment which mature in June 2016. The terms of these leases were being negotiated by the Province of New Brunswick with the lessors on behalf of the Commission. As at March 31, 2016, no terms of renewal are known by the Commission to determine future minimum annual lease commitments. The Commission has full intentions of renewing all leases.

6 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2016 $	2015 $
Government of Canada – Contribution program to improve access to health services for official languages minority communities	725,712	730,774
Province of Prince Edward Island – Medicine	800,000	800,000
Province of Newfoundland and Labrador – Rehabilitation program seats	216,000	216,000
	1,741,712	1,746,774

7 Special projects, committees and other

	2016 $	2015 $
Graduate follow-up surveys	115,136	128,715
MPHEC conference/workshop/collaboration	4,408	10,857
Committees and other	19,837	23,513
	139,381	163,085

8 Revenue and expenditures – Administration

The unallocated excess of administrative expenditures over administrative revenue for the year is considered to be part of the Consolidated Fund and accordingly is included in the amount due from the Council of Atlantic Premiers.

9 Comparative figures

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted for the current year.

Maritime Provinces Higher Education Commission

Schedule of Unrestricted Grants Expenditures

For the year ended March 31, 2016 **Schedule A**

	2016 $	2015 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,069,736	2,069,736
Mount Allison University	20,334,159	20,334,159
St. Thomas University	12,180,167	12,180,167
Université de Moncton	64,344,883	64,344,883
University of New Brunswick	111,966,492	111,966,492
Program Expansion – Medical, nursing and other		
Université de Moncton	6,983,738	7,584,511
University of New Brunswick	6,098,577	6,726,712
	223,977,752	225,206,660
Interprovincial transfers		
University of Prince Edward Island – Atlantic Veterinary College	5,134,433	5,072,297
Université de Sherbrooke	1,708,080	1,694,427
Province of Newfoundland and Labrador	2,532,000	2,482,000
Province of Nova Scotia	3,510,500	4,266,300
Province of Ontario	27,054	27,054
Dalhousie University	8,515,216	8,260,343
Province of Québec	7,812,167	7,049,666
	29,239,450	28,852,087
Grants in lieu of Municipal Real Property Taxes	14,339,693	14,484,972
Other	26,532	124,032
	267,583,427	268,667,751
Nova Scotia		
Interprovincial transfers		
Province of Québec	247,281	308,340
Go Survey	73,805	–
	321,086	308,340
Prince Edward Island		
Institutions		
Holland College	17,902,400	17,402,400
University of Prince Edward Island	30,769,600	30,269,600
	48,672,000	47,672,000
Interprovincial transfers		
Province of Nova Scotia	6,263,230	6,246,691
Province of Ontario	–	13,527
Province of Québec	36,143	35,376
	6,299,373	6,295,594
Other	330,450	190,084
	55,301,823	54,157,678
	323,206,336	323,133,769

Maritime Provinces Higher Education Commission

Schedule of Restricted Grants Expenditures

For the year ended March 31, 2016 **Schedule B**

	2016 $	2015 $
New Brunswick		
Maritime College of Forest Technology	105,067	108,115
Mount Allison University	974,990	974,990
St. Thomas University	606,272	303,942
Université de Moncton	2,018,784	2,758,690
University of New Brunswick	3,724,251	4,275,186
Joint Project – Computer Network	718,747	615,514
	8,148,111	9,036,437
Prince Edward Island		
Holland College	5,325,600	5,565,086
University of Prince Edward Island	7,616,992	7,185,558
Joint Project – Computer Network	67,507	79,394
	13,010,099	12,830,038
	21,158,210	21,866,475

Maritime Provinces Higher Education Commission

Schedule of Capital Grants Expenditures

For the year ended March 31, 2016 **Schedule C**

	2016 $	2015 $
New Brunswick		
Mount Allison University	196,015	193,395
St. Thomas University	104,318	132,983
Université de Moncton	615,953	668,891
University of New Brunswick	1,177,925	1,059,978
	2,094,211	2,055,247